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FEDERAL EFFICIENCY RATING SYSTEM

FEBRUARY 26, 1948.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. REES, from the Committee on Post Office and Civil Service,
submitted the following

PRELIMINARY REPORT

Pursuant to authority contained in House Resolution 176, approved June 5, 1947, the Committee on Post Office and Civil Service is presently conducting a survey and study of the efficiency rating system in the Federal Government.

The committee believes that one of the most important factors in creating good morale and increasing the efficiency of Federal employees is the intelligent application of a practical efficiency rating system. Too often, efficiency ratings are made as a result of a subjective analysis of an employee's work, whereas objective standards should be used. Many Federal employees have approached the committee requesting that steps be taken to secure a more workable and fair efficiency rating system.

The committee found, as a result of its studies, that improvements in the efficiency rating system should be made through more effective administration. This necessitates a more realistic approach by operating officials and personnel officers in the departments and agencies. As a result of one of the committee's suggestions in August 1947, the Federal Personnel Council recommended certain corrective measures in the efficiency rating system to the Civil Service Commission. These were adopted and became effective January 15, 1948.

During the first session, Eightieth Congress, the committee requested the Federal Personnel Council to conduct a study of the Federal efficiency rating system. The Council has submitted its report and recommendations, which are set forth below in full.

REPORT OF FEDERAL PERSONNEL COUNCIL

FEDERAL PERSONNEL COUNCIL,
UNITED STATES CIVIL SERVICE COMMISSION,
Washington 25, D. C., January 15, 1948.

HON. EDWARD H. REES,
Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D. C.

DEAR MR. REES: In accordance with your request, I am pleased to transmit a second report of the activities of the Federal Personnel Council relating to the

problem of efficiency rating. This report contains information and observations on the effectiveness of the present rating system, a list of rating problems which have received, or will receive, the attention of the Council, and proposed solutions to some of the problems which have been sent to the Civil Service Commission, as well as to you. As the report shows, our studies made to date have indicated the immediate need for administrative rather than legislative improvements. We hope we may be permitted to call on you if and when our continuing studies reveal the need for corrective legislation in this field.

We do not believe that there is any such thing as a final solution to all the problems of efficiency rating, since the problems change, just as work programs and problems in management change. Efficiency rating administration is not static—it is an activity—and it must keep up with practical problems as they arise. What may be a good rule to follow today may be inadequate in terms of the problems we may encounter a year from today. Accordingly, the study of efficiency ratings as a part of good management will continue to be an activity of the Federal Personnel Council.

Our experience with efficiency rating appeals to statutory boards of review, over a 5-year period, furnishes evidence of a moderate change for the better in efficiency rating administration. During the first fiscal year (1942) of the operations of such boards of review, only 42 percent of the appealed ratings were sustained. In 1947 the proportion of ratings sustained by these boards of review had increased to 56 percent. This appears to indicate a gradual improvement in the ratings made by supervisors, which was brought about, at least in part, through supervisory training in the field of efficiency ratings. The total number of efficiency ratings corrected by boards of review during the past fiscal year (1947) was 302, or less than one-twentieth of 1 percent of all ratings appealable to such boards. Although the review boards, being human, are not infallible, they nevertheless furnish the most valid check available on the effectiveness of the present rating system.

What may prove to be one of the most encouraging trends in the entire field of personnel management is beginning to appear in the form of job performance standards—both in Government and in private industry. This is, however, a complex problem in the human relations aspect of management and in its significance goes far beyond the field of efficiency rating alone. While progress has been made in some Federal departments and agencies in this matter, much remains to be done.

The attached statement is submitted as a progress report rather than a complete document on the subject of efficiency ratings. As such, we hope it will be of assistance to you and to your committee in your deliberations on current issues in which efficiency ratings may be involved.

You may be sure that the Council welcomes this opportunity to work with you in attaining our common objectives of better management of the Government business. We hope you will call on us freely when you feel we can be helpful.

You may be interested to know that it was through your timely suggestions of last August that studies made by the Federal Personnel Council have resulted in a number of corrective actions in the efficiency rating system. These improvements were submitted to you in our first report of November 25, 1947, and are summarized on page 8 of this report. They have been adopted by the Civil Service Commission and became effective on January 15, 1948.

Yours sincerely,

FREDERICK M. DAVENPORT, *Chairman.*

Enclosures:

1. Report on Activities of the Federal Personnel Council Relating to the Problems of Efficiency Rating Administration, dated January 15, 1948 (appendix A, p. 2).
2. Copy of letter of November 25, 1947, to the House Committee on Post Office and Civil Service from Federal Personnel Council (appendix B, p. 7).

APPENDIX A

FEDERAL PERSONNEL COUNCIL,
UNITED STATES CIVIL SERVICE COMMISSION,
Washington 25, D. C., January 15, 1948.

REPORT ON ACTIVITIES OF THE FEDERAL PERSONNEL COUNCIL RELATING TO THE
PROBLEMS OF EFFICIENCY RATING ADMINISTRATION

During the past year a wide range of problems in administration of the uniform efficiency rating system have been studied in the Federal Personnel Council, in

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cooperation with the United States Civil Service Commission. To understand the progress that has been made, it is necessary to explain first how the Council has organized itself to carry out the studies.

The Council is composed of the directors of personnel of the various departments and agencies of the Federal Government. This body is too large for detailed research and study. Also, it is too large for carrying through any specialized project from beginning to completion. It operates, therefore, through committees. One such committee devotes its attention to efficiency rating matters. Any recommendations this committee formulates are presented for approval to the full Council.

Frequently personnel officials in the field service assist by considering and making recommendations on efficiency rating problems. They have also helped greatly with training programs for supervisors, which result in better and more uniform ratings, particularly in the field service, which includes about 90 percent of all Federal employees.

Sometimes a committee finds it necessary to establish subcommittees for preliminary investigation and study. The study of a subcommittee is presented to the main committee for consideration and formulation of recommendations, which, in turn, are submitted to the Council for its approval. The Efficiency Rating Committee of the Council operated for a considerable period of time through two subcommittees—one Research and Development and the other Current Operating Problems. Both of these subcommittees have completed their investigations, which the main committee is now in process of reviewing. As recommendations are formulated, they are submitted to the Council. Since the Council acts in such matters as and adviser to the Civil Service Commission, the recommendations as approved by the Council are referred to the Commission for its consideration.

As a result of the activities of the subcommittees, there can be expected to flow a continuing series of recommendations for improvement of the uniform efficiency rating system and its administration for some time to come. However, urgent problems are given immediate committee consideration, which has resulted, for example, in the recent changes whereby at one stroke all special ratings and their abuses were eliminated.

The following is a discussion of the work of the two subcommittees:

SUBCOMMITTEE ON CURRENT OPERATING PROBLEMS

There was assigned to this subcommittee the task of determining the problems which arise in applying the uniform efficiency rating procedure and of making suggestions for possible solution to these problems consistent with basic law. After some consideration of how to accomplish this, it decided to examine each major phase of the rating process. These major phases, listed below, indicate the scope and variety of the problems studied.

1. The name efficiency rating.
2. Responsibility for efficiency rating administration.
3. Rules, regulations, and procedures governing efficiency ratings.
4. The 31 standard elements.
5. The element markings.
6. The standard.
7. The adjective rating.
8. The rating official.
9. The reviewing official.
10. The efficiency rating committee.
11. The board of review.
12. The regular rating period.
13. The special rating.
14. The probational rating.
15. Administrative—unofficial ratings.
16. Ratings on different jobs in same grade.
17. Who is to be rated.
18. Discussion of efficiency ratings (with employees).
19. Notice of efficiency ratings, SF-68.
20. The list of efficiency ratings.

Some problems in several of the phases listed above have already been treated in the recent changes in the efficiency rating system. Others have been dealt with by the Council more recently and are covered in a later part of this report. Still others will be acted upon by the Council as expeditiously as possible.

One thing stands out clearly in this entire field. Although there is general agreement on the need for a system of efficiency ratings as a part of a career and

merit system, it is very difficult to get agreement on most other points. Hence, a middle compromise course must often be taken. The important thing is to keep working away until a practical course is determined that will be generally applicable. The best safeguard is experience; but even experience varies, and usually it is necessary for experience to be of some duration before it can be used safely as a guide. One thing experience has shown is that it is advisable to make changes gradually and to observe their effects rather than to supplant one system by an entirely different one. Improvement in the efficiency rating system and its administration, in other words, is a matter of growth and progress rather than radical change. This is borne out by the experience of the Subcommittee on Research and Development.

SUBCOMMITTEE ON RESEARCH AND DEVELOPMENT

This subcommittee was appointed at the same time as the one on current operating problems. However, its task was quite different. At its first meeting there was adopted the following concept of its purpose:

1. To determine what the rating needs of employees are and, correspondingly what rating needs management has, disregarding for the present the administrative and legal environment of efficiency ratings.
2. To work out an efficiency rating system which will best fill these needs without regard, in the first instance, to practical limitations, practicability (legal or administrative) of any new system which is developed to be ascertained subsequently.

To accomplish this purpose and to provide for a cross section of opinion, the subcommittee decided to increase its membership by adding representatives of employee organizations and of management. As a basic starting point it agreed that the main purpose of performance evaluation was "to determine and to increase the value received in work performance for the taxpayers' dollar expended for compensation for practical service." It agreed also "(a) that any system of performance evaluation must be based on sound management principles" and "(b) that persons who are rated are human beings and that any system devised must provide fair treatment in the light of their feelings of personal dignity and self-esteem." It was repeatedly stated in the course of the subcommittee's discussions that it "is to consider itself as 'starting at scratch'—as if no Federal efficiency rating system is now in existence" and that "it is within the scope of the subcommittee to recommend new legislation, Executive orders, or civil-service rules, or to recommend appropriate repeal or amendments."

In the course of the subcommittee's meetings, it secured information about (1) the history of efficiency ratings in the Federal Government, (2) the basic concepts underlying the existing system, (3) the way in which the system was being administered, (4) the uses of efficiency ratings and the types of rating systems related to those uses, and (5) the systems used in a number of industrial concerns.

At the meeting of September 26, 1947, the chairman of the subcommittee reported that—on the basis of the discussions, readings, and special reports—he could draw five conclusions, which he set forth with no consideration for their order of importance. They are as follows:

1. Serious thought should be given to a system of staggering rating dates throughout the years, as suggested practice in a number of private industries. (This has now been incorporated in the uniform efficiency rating system.)
2. Efficiency ratings should not be considered as instruments of punishment. At the very minimum, an unfavorable efficiency rating should be documented for the information and protection of the employee. (The principle of forewarning employees of poor ratings is now incorporated in the uniform efficiency rating system.)
3. Efficiency ratings should be more definitely and specifically related to the duties of the job and to the uses of ratings. (The Civil Service Commission has approved the plans of several agencies as well as its own organization for rating on the specific duties of each employee's position.)
4. Efficiency ratings should be a tool for the development of the employee and for an incentive to greater effort on his part, and not simply a record of performance. (This depends on good management and does exist in that form in many places.)
5. It is better to rate performance than to rate people. (This principle is basic in the philosophy of the uniform rating system.)

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Having accomplished this much, the subcommittee agreed to cease further activity. It seems to be significant that the subcommittee did not proceed to the development of an entirely different system of efficiency rating nor of any specific recommendations of change in the law. Instead, it turned its minutes and the problem back to the main committee for consideration, along with the report from the Subcommittee on Current Operating Problems.

SURVEY OF OPINIONS ON THE UNIFORM EFFICIENCY RATING SYSTEM IN FIELD ESTABLISHMENTS OF THE FEDERAL GOVERNMENT

While the two subcommittees were making their investigations, the Efficiency Rating Committee received the results of a survey of opinions on the uniform efficiency rating system by field personnel officials in the St. Louis area. The support for the system was so great that there was some doubt as to whether it was representative of opinion in other field areas. The committee had heard so much of criticism that it thought a majority of people were dissatisfied with the system. The St. Louis study would seem to indicate that the dissatisfaction was not so widespread. In order to get a broader base, the committee thereupon decided to distribute the St. Louis questionnaire to other geographical areas in the field service.

Five hundred and thirty-eight questionnaires were returned. Many of them reported a consensus. Therefore, the opinions of more than 538 persons are included in the report of the study. The results of this survey should be accepted with caution, because some of the questions permitted alternatives to a "Yes" or "No" answer.

Returns on individual questions posed in the survey, in terms of percentages of the 538 questionnaires received, are as follows:

I. Do you think that the category of efficiency ratings should be—

	Percent
(1) Excellent, very good, good, fair, unsatisfactory	54
(2) Excellent, good, fair, unsatisfactory	10
(3) Excellent, good, unsatisfactory	11
(4) Good, fair, unsatisfactory	7

Or do you think that the category of efficiency ratings should be changed entirely? 18 percent, yes; 53 percent, no.

II. In computing retention credits, what weighting would you recommend for the following ratings:

	Points
(1) Excellent	—
(2) Very good	—
(3) Good	—
(4) Fair	—

Of the 357 questionnaires which had recommended weights:

	Excellent	Very good	Good	Fair	Unsatisfactory
101, or 28.3 percent, suggested	5	3	1		
45, or 12.6 percent, suggested	3	2	1		
12, or 3.4 percent, suggested	5	3	2		
Do	4	3	2	1	
9, or 2.5 percent, suggested	5	3	2	1	
8, or 2.2 percent, suggested	5	4	3		
7, or 2 percent, suggested	5	4	3	1	
6, or 1.7 percent, suggested	4	3	2		
Do	100	90	80	70	
Do	100-95	95-90	90-85	85-75	
5, or 1.4 percent, suggested	5	3			
Do	5	4	2		
4, or 1.1 percent, suggested	10	8	5	2	
Do	10	5			
Do	5	3	0	-1	
Do	2	1			

Suggestions supported by fewer than four questionnaires are not listed (comprises 119 questionnaires).

Or do you think that efficiency ratings should be disregarded entirely? Percent

(1) Yes	9
(2) No	72

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III. In preparing the efficiency rating form do you think that—

- | | |
|---|------------------|
| (1) The form is excellent and can be used for all jobs..... | 47 percent, yes. |
| (2) That different forms with standard element patterns should
be used on varying kinds of jobs..... | 33 percent, yes. |
| (3) The form is too complicated and inflexible..... | 16 percent, yes. |

IV. Do you think that appeals would be reduced and the efficiency rating program improved if statements signed or initialed by the employee similar to the following were included on the form?

"Previous to this rating I have had my work performance discussed with me."
"My supervisor has discussed this rating with me."

- | | |
|--------------|---------------|
| (1) Yes..... | Percent
68 |
| (2) No..... | 26 |

V. If an employee appeals his rating is it because—

- | | |
|--|---------------|
| (1) His work performance has not been discussed with him at any time prior
to his rating..... | Percent
43 |
| (2) His efficiency rating has not been discussed with him..... | 30 |
| (3) Certain elements were considered in the rating form which were not
applicable to the job..... | 13 |

VI. In your opinion, if supervisors and employees would mutually select the efficiency rating elements, determine the matter considered, set up the job performance requirements on each element, and then have periodic interviews concerning the performance of it—

- | | |
|---|---------------|
| (1) Would probably pay for itself..... | Percent
20 |
| (2) Would be well worth the time spent..... | 36 |
| (3) It would not be worth the time..... | 39 |

VII. Do you think that something should be done to provide a uniform system and form for rating unclassified employees?

- | | |
|--------------|---------------|
| (1) Yes..... | Percent
66 |
| (2) No..... | 12 |

If your answer is "yes," do you think that the uniform system used for classified employees should be applied to unclassified employees?

- | | |
|--------------|---------------|
| (1) Yes..... | Percent
45 |
| (2) No..... | 19 |

VIII. Do you think that the present efficiency rating system and Standard Form No. 51 should be changed entirely?

- | | |
|--------------|---------------|
| (1) Yes..... | Percent
18 |
| (2) No..... | 74 |

IX. Do you think that every employee should have the opportunity to appeal in person his efficiency rating to an impartial board?

- | | |
|--------------|---------------|
| (1) Yes..... | Percent
85 |
| (2) No..... | 10 |

When the above report on the survey was presented to the Council, there was expressed a desire to see if the opinions of people in the Washington, D. C. area corresponded with the opinions of field people. This study is now in process and should soon be completed and reported.

INTERIM COUNCIL REPORT ON SPECIAL RATINGS AND RELATED PROBLEMS

By letter dated November 25, 1947, an interim report was submitted to the chairman of the House Committee on Post Office and Civil Service. That report referred to four basic changes which had been recommended by the Council to the Civil Service Commission. The changes eliminated all special ratings, introduced "entrance" ratings, permitted agencies to spread the annual rating dates throughout the year, and set forth a principle that employees should be forewarned of ratings below "good." These changes have now been published and became effective January 15, 1948.

Current activities of the Council

Extension to the field service of oral hearings on appeals has been strongly urged for the last several years by the Council, on the grounds that such appeal methods would be more equitable to employees and would strengthen efficiency rating administration. The only thing holding up the establishment of board of review in the field service is the lack of funds in the Civil Service Commission.

Experience with present regulations and procedures governing efficiency rating appeals and the operation of boards of review has demonstrated the need for certain revisions. In addition, consideration must be given to the requirements of the act of July 31, 1946 (60 Stat. 751). Accordingly, the Efficiency Rating Committee of the Council has recommended, and the entire Council has approved, the following proposed revisions in the board of review and appeal procedures:

1. Increase the term of office of board of review members from 1 to 2 years;
2. Reduce the time for filing an appeal to a board of review from 90 days after receipt of notice of efficiency ratings to 30 days;
3. Require board of review approval for waiver of oral hearings instead of allowing the appellant the absolute right to waive an oral hearing when one is provided;
4. Authorize the establishment of one or more field boards of review when the Commission and the head of any department or agency agree to extend to those field-service employees within the jurisdiction of such boards of review the same appeal rights as are given to employees in the departmental service.
5. Recognize the extension of appeal rights to employees whose salaries or wages are not paid under the compensation schedules of the Classification Act, as provided by the act of July 31, 1946 (60 Stat. 751);
6. Eliminate run-off elections for employee and alternate employee members of boards of review; and
7. Help clarify other procedures through minor revisions in language and arrangement and through the deletion of superseded material.

The above recommendations have been submitted by the Council to the Commission, where they are now being considered.

The proposed changes are expected to speed up board of review hearings, reduce the need of holding elections, and provide administratively practical procedures for extending the oral hearing procedures to field service employees. After agreement has been reached on these changes, recommendations will be made for revisions in Executive Order No. 9252, dated October 9, 1942, since the law provides that board of review regulations require the approval of the President.

The Council is firmly convinced that progress in efficiency ratings depends upon agreement and understanding as well as upon authority. Because of the many divergent and personal points of view, each item becomes controversial and agreement is difficult to reach. The Council, however, will continue to apply itself to the task and to recommend improvements as the nature of acceptable improvements are determined. A number of administrative corrections have been instituted during the past 6 years. Continued efforts will be applied, to the end that the Federal efficiency rating system will be an increasingly practical, fair, and useful device for raising the standards of performance throughout the Government service.

APPENDIX B

FEDERAL PERSONNEL COUNCIL,
UNITED STATES CIVIL SERVICE COMMISSION,
Washington 25, D. C., November 25, 1947.

The Honorable EDWARD H. REES,
Chairman, Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. REES: On July 31, 1947, you wrote to me requesting information on instructions issued to personnel directors regarding the use of special efficiency ratings for purposes of reduction in force. On August 12, 1947, I replied, indicating that we would go into the matter further and would advise you of the results. Mr. George M. Moore, chief counsel to your committee, acknowledged my letter and advised that a report of the matter was expected before November 1947.

We are pleased to submit our report in accordance with your request. The Federal Personnel Council, in cooperation with the Civil Service Commission, has completed a study of the problem with which you are concerned, as well as other problems, and has made certain recommendations to the Civil Service Commission for the purpose of revising the efficiency rating system.

As a result of this study, the Civil Service Commission, is now revising the efficiency rating system in a manner which, we hope, will help to solve the problem which occasioned your original request. The changes will:

- (a) Eliminate all special ratings.
- (b) Introduce an "entrance" rating that is given to an employee when first assigned to a position. If an employee has a rating based on work in a different position, he will be given such rating as his entrance rating, except that if that rating is "unsatisfactory," the entrance rating will be "fair." If the employee has no current official rating, his entrance rating will be "good." The first rating, based on work performance for the employee will be made 6 months after probational appointment or 6 months after each change to a position of different service, class, or grade.
- (c) Permit agencies to spread the efficiency rating activity throughout the year.
- (d) Recommend that ratings below "good" shall not be given unless the employee was given a prior warning.

It is the opinion of the Federal Personnel Council that the above changes will help to correct the improper conditions which resulted from the making of special efficiency ratings for reduction-in-force purposes before employees had sufficient time to demonstrate their worth in positions to which they were reassigned. We believe that existing legislation is flexible enough for any problem of unfairness to be adequately handled by the efficiency rating system.

I am pleased to advise you that the Council is continuing to study the efficiency rating system for the purpose of making recommendations for its improvement to the Civil Service Commission. Consequently, the Council will be most happy to receive from you any further suggestions you may wish to submit in connection with the proposed changes listed above or any other phase of the subject.

I hope to see you soon.

Yours sincerely,

FREDERICK M. DAVENPORT, *Chairman.*

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